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Simplifying the Employment and Training Law

A Guide for Employers

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AND
LIST OF FORMS

GOVERNMENT DOCUMENTS
SERIALS

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Commonwealth of Massachusetts
William F. Weld, Governor
Nils L. Nordberg, Commissioner



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A MESSAGE FROM THE COMMISSIONER TO MASSACHUSETTS EMPLOYERS:

The Department of Employment and Training is committed to helping you understand your rights and responsibilities under the Massachusetts Employment and Training Law. As with all types of insurance, this program is governed by statute and regulations covering financing, benefits and eligibility determinations. These issues are outlined — and simplified — for you in this handbook.

The contents includes answers to frequently asked questions about how the unemployment insurance program operates, and describes your role in contributing to the unemployment compensation trust fund and participating in eligibility determinations. Details include terms and definitions, schedules, rates, form names and numbers, appeal rights and telephone numbers you can call for more information.

Recent amendments to the state's unemployment insurance legislation have resulted in this revised version of *Simplifying the Employment and Training Law for Employers*. It incorporates Chapters 26 and 118 of the Acts of 1992, legislation which helps to bring Massachusetts' unemployment insurance program more in line with those of other large states.

In late 1993, D.E.T. will begin using the Department of Revenue's quarterly wage records as the basis for paying unemployment benefits. The new system will eliminate the need for D.E.T. to request the wages you paid to each former employee each time a claim for benefits is filed. Wage reporting is now being used successfully in 47 other states.

If you have a job you are trying to fill, D.E.T. is the source for many excellent candidates. It's easy to place a job order with us. Just call the Department of Employment and Training Opportunity Job Center most convenient to you. Their telephone numbers are listed on the back cover of this book. If you have any additional questions, do not hesitate to call me directly at (617) 727-6600.

Sincerely,



Nils L. Nordberg
Commissioner

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1 AN OVERVIEW OF UNEMPLOYMENT INSURANCE

Smoothing Cyclical Swings

Unemployment insurance helps to smooth cyclical swings in the economy and provide a safety net for temporarily unemployed workers.

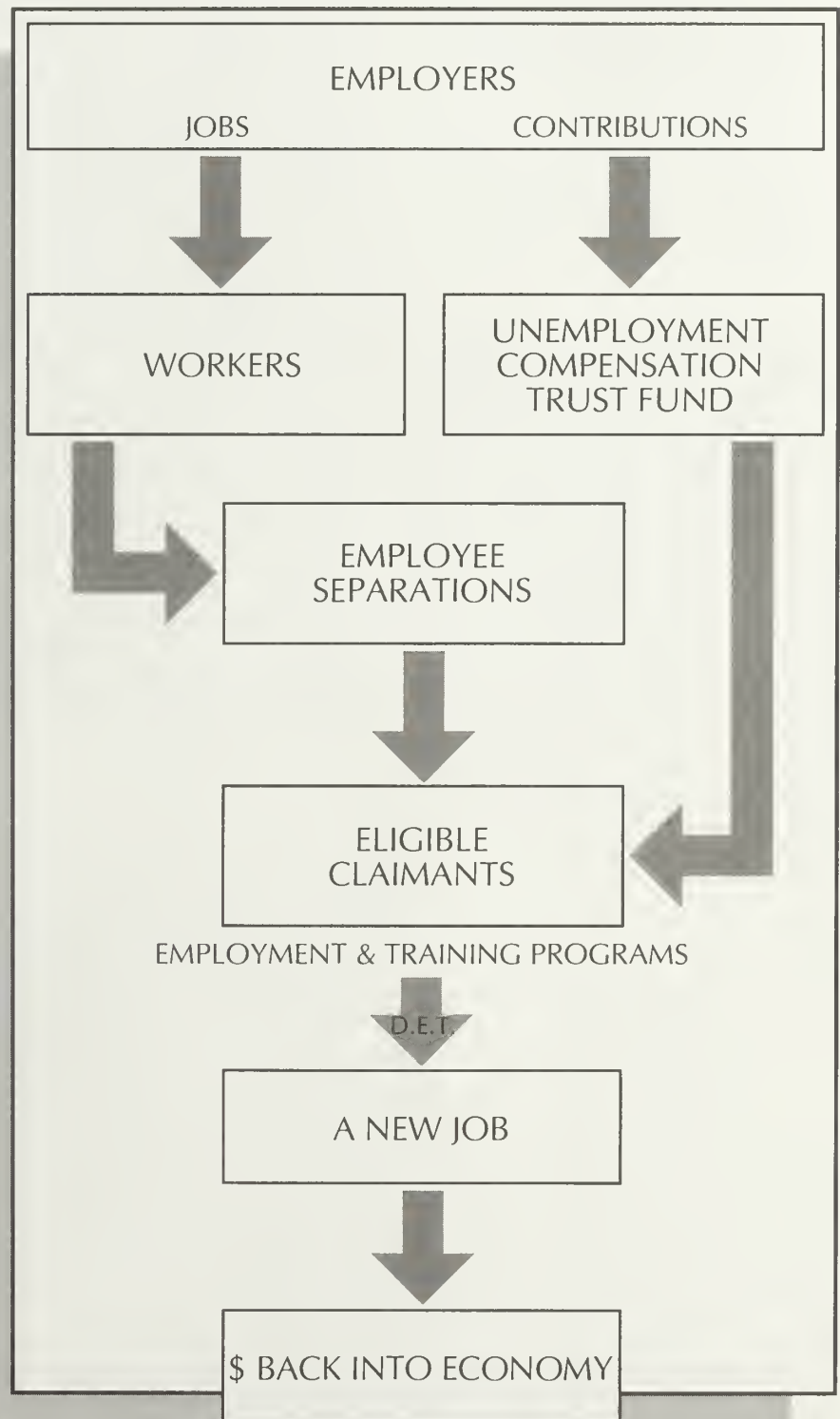
The Social Security Act of 1935 established the unemployment insurance (UI) program as a federal-state cooperative effort. Today each state (plus Puerto Rico, the District of Columbia, Guam and the Virgin Islands) administers its own unemployment insurance program to provide a safety net for individual workers who are temporarily unemployed through no fault of their own. The U.S. Department of Labor promulgates regulations and guidelines for UI, but each state makes key decisions about benefit levels, eligibility rules, employer contribution rates and other issues. In Massachusetts, the program is administered by the Department of Employment and Training (D.E.T.).

If you are a private, for-profit employer, the Massachusetts Employment and Training Law requires you to pay contributions into the Commonwealth's unemployment compensation fund, which in turn funds temporary unemployment insurance benefits to eligible workers. (If you are a governmental or non-profit employer, see page 10 for your financing options.)

While the actual unemployment insurance benefits paid come solely from employer contributions, D.E.T.'s administrative costs are funded through Federal Unemployment Tax Act (FUTA) taxes, which employers pay directly to the federal government. These federal taxes also help to finance the variety of employment-related services provided through the federal/state network of employment security agencies.

The unemployment insurance program plays several roles in the economy. It affects:

- Individuals and families, by providing a partial income replacement to cushion the impact of job losses.
- The local economy, by softening the swings in consumer purchasing power and spending during times of layoffs.



■ Local industry, by assisting skilled workers to remain in the region while they seek work in the field for which they are trained.

■ The labor force, by assisting workers while they assess their skills, retrain if necessary and find new jobs or new careers that make good use of their abilities.

D.E.T. offers unemployment insurance benefits and employment and training services through a network of local offices across the state. Through these offices and the D.E.T. administrative office in Boston:

■ Unemployed workers receive unemployment insurance benefits.

■ Workers receive help finding good jobs and training opportunities.

■ Employers obtain assistance locating qualified workers.

■ Educators, economists, community officials and others can access information about labor market trends and employment statistics.

Since the last printing of this handbook, several changes were made to the Employment and Training Law (including the name change from "Employment Security Law"). Features of recent revisions have been incorporated into this version.

It includes answers to the questions and concerns most often raised by employers. *However, this guide is general in nature and does not have the effect of law or regulation.*

2 YOUR RESPONSIBILITIES AND COVERAGE

What are your responsibilities?

The Massachusetts Employment and Training Law, Chapter 151A of the General Laws of the Commonwealth, places certain obligations on all employing units — individuals, firms, organizations and governmental units which employ one or more persons.

Your responsibilities fall into two general areas: financing the unemployment insurance (UI) program and participating in the determination of eligibility. Section 3 of this booklet details financing the program, and Section 4 covers eligibility and benefits. This section gives an overview of some other technical areas of UI.

Which employers are covered by the law?

In general, if you have people working one or more days in each of 13 weeks during a calendar year, or if you pay wages of \$1,500 or more in any calendar quarter, you are liable for contributions under the law. The weeks of employment need not be consecutive, nor must the employees remain the same.

In deciding whether an employer is liable for contributions, D.E.T. considers such factors as:

- The entity (company) for which services are performed.
- The degree of direction and control you have over the way an employee's services are performed.
- Where the work is performed, whether entirely or only partially in Massachusetts.
- The exempt nature of certain classes of employment. (See discussion of worker eligibility, page 16.)

As an *agricultural employer*, you are subject to the law if you paid total cash wages of \$20,000 or more in any calen-

dar quarter, or you employed 10 or more individuals on any day in each of 20 weeks in a calendar year.

If you employ *domestic workers* and paid \$1,000 or more in cash wages in any calendar quarter, you are liable. This category includes private homeowners, clubs, college fraternities and sororities.

Employers can appeal decisions regarding whether or not they are subject to the law; and whether or not an employer/employee relationship exists in terms of determining eligibility for unemployment insurance. As with all appeal rights under the UI program, these are covered in detail on the forms sent to you when this type of determination is made.

When do you first become subject to the law?

If you are a new employer, or if you have not done business in Massachusetts

before, you must notify D.E.T. immediately by filing an "Employer Status Report" (Form 1110), enabling D.E.T. to establish your employer account and assign you a D.E.T. identification number. As a new employer, you are responsible for paying quarterly contributions for the first subject quarter even if your D.E.T. number has not yet been assigned.

If you have acquired the entire trade, organization, business or assets of another employer, you must similarly notify the D.E.T. Employer Liability Division within 120 days of the transaction. Failure to provide the required notification to D.E.T. will result in a denial of the former owner's positive account balance. Once notified, D.E.T. will determine your status and, based on this, will assign a contribution rate.

For more information, call (617) 727-6850. In addition, D.E.T.'s Revenue Service maintains field offices throughout

Revenue Service Field Offices

| | | |
|-------------|---------------------------|----------------------------------|
| Boston | 19 Staniford Street 02114 | (617) 727-6817 (617) 727-6815 |
| Haverhill | 80 Merrimack Street 01830 | (617) 727-0329 |
| New Bedford | 618 Acushnet Avenue 02740 | (508) 990-0023 |
| Springfield | 88 Industry Avenue 01104 | (413) 737-0213 |
| Worcester | 32 Franklin Street 01608 | (508) 791-8551 |

the Commonwealth to assist you. Please call or visit the location nearest to you.

Financing responsibilities

State UI payments are due quarterly, within one calendar month from the end of each quarter. For government or non-profit employers using the reimbursable method, benefit charges are billed monthly and payable within 30 days.

Payments are determined by both an individual employer experience-based contribution rate applied to certain wages and an annual statewide schedule based on a comparison of the balance in the trust fund to the state's total payroll. Under special circumstances, the schedule may be set by law, overriding this calculation. The table in Section 8 lists all schedules and rates.

Section 3, "Financing Unemployment Insurance," has complete details on payments, calculations, schedule and rate setting, enforcement and also an outline of the reimbursable method.

Participating in benefit determinations

A more complete review of your responsibilities is covered in Section 4. However, some highlights and important notes are listed here.

When an unemployed worker files for benefits, the employer's participation is required in order for D.E.T. to make accurate and timely UI benefit determinations.

One indicator of eligibility is earnings, which must meet a minimum amount, so you must provide any information required by D.E.T. about wages paid to your employees. Currently, this information is requested when a claim is filed. Beginning during 1993, wage information that employers report quarterly to the Massachusetts Department of Revenue will be used as the primary source for determining eligibility. Individual requests for wage data will be

required only if a claimant is determined ineligible using quarterly information.

In addition, employers must furnish D.E.T. with the cause for the employee's separation.

Record maintenance: Be sure to keep payroll and time records in a form that enables you to provide them to D.E.T. to determine:

- The wages paid to each employee on a calendar-week basis (Sunday through Saturday).
- Whether any week's earnings were for less than full-time employment.
- Whether lost time was due to an employee's lack of availability for work or inability to work.

You must make and keep copies of all reports filed with D.E.T., as well as all work sheets and other back-up data used in preparing the reports, for a period of four years from the filing date. During this period, an authorized representative of D.E.T. should be able to inspect these records at any reasonable time. The information you supply is confidential and for the exclusive use of D.E.T. in the administration of the Employment and Training Law. Upon request, a worker or representative may obtain information concerning only his or her claim records.

Promptness: Because the timely determination of valid claims is an important priority for employers and claimants, deadlines have been established for a variety of actions, responses, requests and protests within the insurance program and are noted throughout this handbook. Although exceptions are sometimes allowed for good cause, failing to meet these deadlines may cause you to forfeit important rights.

Notification: You must notify the nearest D.E.T. local office (see listing on back cover) when:

- You anticipate a mass separation of employees, i.e., 10 or more workers will be laid off for seven days or more. This notification should be given at least 48 hours prior to the layoff.
- A worker is recalled to work after a layoff but fails to report. You should notify the local office where the claim was filed.
- A work stoppage due to a labor dispute has occurred. This notice, given within 48 hours after the beginning of the stoppage, should supply the details and the number of employees involved.
- Your mailing address changes.

Also, in terms of notification, you should give to all separated employees, regardless of the reason or expected duration of the layoff, a "Separation Notice" (Form 0590-A). This form provides D.E.T. with accurate information on your organization name, your address (where payroll records are kept) and your D.E.T. employer account number, which helps expedite the filing of claims. Copies of the "Separation Notice" can be obtained from any local D.E.T. office.

Posting: Informing workers of the availability of unemployment insurance is the responsibility of all employers. You must clearly post a copy of "Notice to Employees" (Form P-2553-A), which informs employees of their coverage under the Employment and Training Law and their right to apply for benefits. This form can be obtained through your local D.E.T. office.

Employer Tips

Changing Your Address?

Maintaining an accurate mailing list helps D.E.T. serve you more efficiently. Generally, D.E.T. mails all forms to the address you supplied when you originally requested a D.E.T. identification number. These forms include:

- Employer's quarterly contribution reports
- Requests for separation and/or wage information
- Notice of approved claim
- Notice of reopened claim
- Statement of benefit charges
- Statement of reimbursable benefits

If you wish, D.E.T. can mail various forms to different addresses. Send your change of address requests to:

Department of Employment and Training

Employer Liability Division
19 Staniford Street
Boston, MA 02114

Please be specific about which forms you want sent to a particular address, and include your D.E.T. employer number on all correspondence.

Verifying your account number

To verify your employer number — which is required on most of the D.E.T. forms — call (617) 727-6850.

Using an agency to process claims

D.E.T. will work with an employer's agent to process UI claims if the agent represents the employer in both wage and separation matters. To establish your agent with D.E.T., written notice must be sent to the Status Department, 19 Staniford Street, Boston, MA 02114. For further information, call (617) 727-6850.

General information

D.E.T. maintains an automated Customer Information Directory, which lists the primary services provided by different departments and will transfer you to the department you select. This directory also includes a listing of local office addresses and telephone numbers. Feel free to use this directory at any time: (800) 322-4944.

D.E.T.'s Internal Control Unit has been reorganized to expand its primary function of investigating allegations of fraud, waste, abuse, mismanagement or misconduct within D.E.T.

Some of the measures Internal Control has implemented are:

- A 24-hour fraud hotline (800) 354-9927 for employees, claimants and employers to anonymously report any fraud, waste or wrongdoing.
- Employment application forms revised to include criminal history of applicants.
- A crossmatch system to detect irregularities between claimant files and D.E.T. employee files.
- Certification for Criminal Offenders Records Information (CORI), allowing D.E.T. access to any criminal history of employees.
- A fraud awareness program for D.E.T. staff.

Benefit Payment Control, another D.E.T. unit, has also been reorganized to help further reduce fraud and abuse within the unemployment insurance payment system. Some measures taken by this unit include:

- Requiring presentation of a photo ID and social security number verification for claimants receiving unemployment benefits.
- Assigning additional staff to investigate allegations of claimants who are working and collecting benefits.
- Implementing a more efficient crossmatch system with the Department of Revenue to detect claimants who are working and collecting benefits and to investigate fictitious employers.

Some facts you should know about employee leasing--

If you are currently a client of an employee leasing company or are considering contracting for employee leasing services, you should know that:

- D.E.T. recognizes employee leasing companies as authorized representatives of their clients in all unemployment insurance matters once a contract for these services is signed.
- However, D.E.T. considers you, the client, to be the employer of record and ultimately liable for all payments. Therefore, all quarterly contribution reports must be filed under your own D.E.T. and Federal Employer numbers, and at the contribution rate assigned to your business.

Regulations on employee leasing are available. For additional information, please call (617) 727-6850.

3 FINANCING UNEMPLOYMENT INSURANCE

Employers pay two separate but related contributions — one federal and one state — to fund unemployment insurance. The federal contribution is paid to the Internal Revenue Service under the Federal Unemployment Tax Act (FUTA). D.E.T. administrative costs are funded through FUTA taxes. The state contributions paid to D.E.T. are deposited into the state's Unemployment Compensation Fund, and are used solely to pay benefits to eligible workers filing claims against Massachusetts firms. Governmental and non-profit employers may choose to reimburse benefits rather than pay contributions. (See "Options for ..." page 10.)

How are state contributions calculated?

Your quarterly state contribution is "experience rated." How much you pay depends on a variety of factors, including the size of your payroll; the number of employees; the amount of unemployment insurance benefits charged against your account; and the amount of reserves in your account and in the Massachusetts unemployment compensation fund.

Your contribution rate is applied to certain wages paid by you to each employee in any calendar year. Beginning January 1, 1992, only the first \$10,800 in wages paid is used to determine your state unemployment insurance contributions.

The term "wages" is substantially consistent for calculating both the FUTA tax and your state contribution. Wages include every form of remuneration paid to employees, either directly or indirectly: salaries, commissions and bonuses; payments to tax deferred plans and 401(k) accounts; sick and accident payments; the reasonable cash value of board, rent, housing or lodging; and all payments in any medium other than cash. **Wages to be reported are based on when they are paid, not when they are earned.**

For determinations on these and other non-standard payments in your case, contact the D.E.T. Revenue Service, (617) 727-6710.

Setting the annual statewide contribution schedule

Each September, the state's unemployment compensation trust fund balance is divided by the total payroll for all employers, yielding the fund's "reserve percentage." This reserve level, by law, determines the following year's contribution schedule.

In some cases, the reserve level calculation may be overridden by legislation. For example, in order to rebuild a solvent trust fund and create some predictability in terms of contributions due, the schedule has been set at "D" for 1993, and at "F" for 1994-1996. (See the Contribution Table, page 26.)

Establishing your individual contribution rate

In addition to determining the statewide schedule for the coming calendar year, D.E.T. calculates contribution rates for individual employers. Each year during February, you will receive a "Notice of Unemployment Insurance Contribution Rate" (Form 9701) with your annual rate and the data used to calculate it. This rate is used to compute your next four quarterly contribution payments.

Unless you are a new employer, your contribution rate is determined by your experience rating account balance. The ending balance of your account is updated each October as D.E.T. takes into account the following:

1. Your account balance based on the immediately preceding twelve months of activity
2. Plus the contributions you paid
3. Less the benefits charged to your account

4. Less the statewide "solvency assessment" charged to your account. (See explanation below.)

This net balance is kept on a cumulative basis and is compared annually to the portion of your payroll subject to the Employment and Training Law to yield your "reserve percentage." This reserve percentage is used to determine your contribution rate by applying it to the schedule in effect for the calendar year.

The state maintains a solvency account to finance benefits which cannot be charged to a specific employer — such as dependency allowances, approvable voluntary separations and benefits paid against accounts whose reserves have been depleted. Your account balance is adjusted upward or downward with an annual "solvency assessment." Similar in concept to "no fault" insurance, this mechanism distributes the account's deficit or surplus proportionally among all employers. Interest earned on the trust fund balance is credited to this account.

For calendar years 1992 and 1993, employers will pay an excise, which is also experience rated, for the purposes of paying interest on federal funds borrowed to pay unemployment insurance benefits. (See the Contribution Table, page 26.)

If you believe a computation error has been made in your contribution rate, you may request an administrative review of the rate determination from the D.E.T. Experience Rating Department. This request must be made in writing, within 60 days of receipt of the rate notice. If you have any questions, contact the Experience Rating Department at (617) 727-6896.

Financing Unemployment Insurance
The money you pay in state unemployment contributions is deposited in a special interest bearing account to support workers during periods of temporary involuntary unemployment.

Estimated Wages

You are required to provide information about your employees' wages, so your contribution rate can be accurately calculated. If you fail to supply the necessary wage figures by December 31, D.E.T. has the right to estimate them for you. This could cause an increase in your contribution rate.

New employers' contribution rates

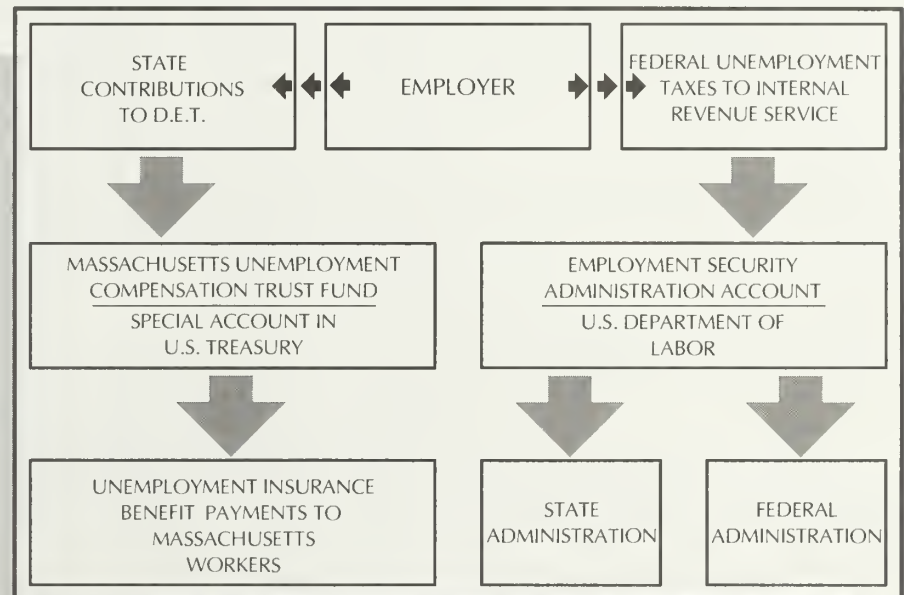
The initial contribution rate for new employers without an unemployment insurance history is set at the positive reserve percentage of 10.5 - 11.0 for the current schedule. Therefore, this rate changes any time the schedule changes. New employers in the construction industry [Standard Industrial Classification (SIC) codes 15, 16 or 17] are assigned the average rate of employers in these SIC codes. This "new employer rate" remains in effect for two years and then experience rating begins.

Paying the contribution

Once your rate is set, you must file an "Employer's Quarterly Report" (Form 0001) that D.E.T. mails to you for the three-month periods ending in March, June, September and December. After the close of each quarter, you have one full calendar month in which to prepare your report and pay your contribution. Payments are due by April 30, July 31, October 31 and January 31. For the first and second quarters, employers may defer up to one-third of the contributions due, to the following second and third quarters respectively.

Copies of the form are mailed automatically to employers each quarter, but if you fail to receive yours on time, you can request it from the Employer Reports Department at (617) 727-6707. It is your responsibility to file the report before the due date.

If you underpay the contribution, you may be assessed a penalty. A "Demand for Payment" (Form 0702-S) is sent to



any employer underpaying contributions. By law, you will be charged interest on overdue contributions at the higher of either 12 percent per year or the interest rate established by the Department of Revenue as of January 1 of the calendar year—currently 18 percent per year. D.E.T. charges interest on the contributions due from the due date to the payment.

Quarterly reports

You are required to file reports with D.E.T. until you cease doing business in Massachusetts, even if you employed no workers or paid no wages during a quarter. If your business changes in any way (new ownership, incorporation, partnership, out of business, etc.), you must notify D.E.T. in writing immediately. To assist D.E.T. in verifying data, you must keep copies of all reports and supporting data on file for four years.

Each report should include only the information which pertains to that quarter, which may include any carry-over contributions due from a prior quarter if you

chose to take a deferral. If you discover an error in a previous report, notify D.E.T. at (617) 727-6709, and a form for correcting the error will be mailed to you.

If you fail to file for a quarter, the law allows D.E.T. to estimate the amount of contributions you owe, from any information available, and to assess and collect contributions, penalties and interest for any quarter for which reports are not received. (See revenue enforcement, page 11).

Benefit charges and your experience rating account

D.E.T. uses a system of credits and debits to determine the balance in your account. When you pay your quarterly contribution, that amount is entered as a credit to your account on the actual date paid, with the exception of the final quarter, when a payment made by October 31 is credited as of September 30. Your beginning account balance is established on October 1 each year.

When D.E.T. provides benefits to a worker you employed during the past year, these benefit charges become debits to your account.

Your benefit charge liability as an employer is normally limited to 36 percent of the wages paid to your employee during the base period. D.E.T. first charges the account of the most recent base period employer, and when that employer's 36 percent limit is reached, begins charging the next-most-recent employer's account, and so on throughout the base period.

For each month during which charges are made to your account, you will receive a "Statement of Benefit Charges" (Form 1088), which itemizes all charges, credits and adjustments made for each week of the month, and identifies each employee by name and Social Security number. Check this form against your records; it is important to verify each benefit charge to protect yourself against fraud, processing errors or other improper charges. An individual might have returned to work, for example, or have had partial earnings during the week in question.

If you believe a charge is incorrect and should be removed from your account, use the first page of the form to file a protest within 30 days of the mailing date shown on the form. Benefit charges will not be removed from your account if you failed to provide separation and wage information within the 10-day limit (see "Your Role in Claim Determination" page 17), or if you failed to protest via the "Statement of Benefit Charges" form within the 30-day limit.

D.E.T. will notify you of the action taken. Credits appearing on the form will be indicated by a "minus" sign and will show the name and Social Security number of the employee for whom the original charge was made. You may direct questions in this area to the Benefit Charge Section at (617) 727-6777.

Federal payments

If you are a private-for-profit employer, you pay FUTA taxes directly to the federal government; non-profit and governmental employers are exempt. The FUTA tax is computed on the first \$7,000 in wages paid to each employee.

The FUTA tax rate is 6.2%. However, you are given a credit of up to 5.4% for the state unemployment tax you pay. The net tax rate, therefore, can be as low as 0.8% (6.2%-5.4%) if your state is not subject to a credit reduction. (A reduction in this credit occurs when loans from the federal UI fund are outstanding for more than 2 years.)

You are entitled to a credit against your FUTA tax (if a credit is in effect) only if you pay your state contributions on time, i.e., by January 31 following the calendar year in which the credit is claimed.

Options for governmental and non-profit employers

While the preceding information applies to most employers, local and state governmental entities and certain non-profit employers may choose, in lieu of paying the quarterly contribution, to reimburse D.E.T. when benefits are actually paid to their former employees.

Under the reimbursable method, you are billed for the cost of any and all benefits actually paid to former employees, including dependency allowances; extended benefits; benefits paid when an employee quits a job and subsequently requalifies for benefits; and even benefits paid which may be subsequently disallowed. In contrast, under the contributory method, these costs would be charged to the appropriate solvency account.

For any month in which there are charges to your account (or a past due payment) D.E.T. will mail you a "Statement of Reimbursable Benefits" (Form 1089-1). By law, you must pay this bill within 30 days of its mailing date, or request a review of questionable charges within the same time period. If you

Quarterly Filings

All employers must file quarterly reports with D.E.T.

| File by | For Wages Paid: |
|------------|-------------------------------|
| JANUARY 31 | October 1 through December 31 |
| APRIL 30 | January 1 through March 31 |
| JULY 31 | April 1 through June 30 |
| OCTOBER 31 | July 1 through September 30 |

Determining Your Annual Contribution Rate

Each September 30, D.E.T. compares the balance in your account to the portion of your payroll that is subject to the Employment and Training Law.

| | | |
|--------------|-------------------------|----------|
| OCTOBER 1 | Beginning Balance | \$ _____ |
| | Quarterly Contributions | |
| | Paid | + _____ |
| | Monthly Benefit Charges | - _____ |
| | Solvency Assessment | - _____ |
| SEPTEMBER 30 | Ending Balance | \$ _____ |

choose to question any charges, you may do so in the space provided on the back of the form. You may direct questions to the Reimbursement Section at (617) 727-8272.

You may change from one financing system to another by giving written notice to D.E.T. Once selected, however, that method is in effect for at least two calendar years. If you are a governmental employer, this notice is due by December 31 of the year preceding the changeover year. For non-profit employers, notice is due by December 1 of the year preceding the changeover year.

If you are a governmental employer and elect the contributory method, you must file your "Governmental Entity Quarterly Contribution Report" (Form 0001-G) on the same schedule and observe the same procedures as private-for-profit employers. You then also qualify for the same rights as these employers. However, governmental employers pay contributions on all wages paid their employees and not just the first \$10,800.

Although your governmental contributions are deposited in, and benefits paid

from, the single unemployment compensation trust fund, D.E.T. maintains a separate governmental contribution fund balance and computes the governmental contribution rates in a somewhat different manner. For more information call (617) 727-0431.

Non-profit employers who choose the contributory method use exactly the same forms and procedures as private, for profit employers. When non-profit employers switch from reimbursable to the contributory system, they are assigned the rate that applies to employers with a zero "positive balance."

Revenue enforcement

When employers fail to pay their unemployment insurance contributions or reimbursements, all employers lose. D.E.T. now has stronger enforcement powers, and the agency places emphasis on using these powers to prevent and reduce the amount of overdue contributions:

■ Prosecution of individuals and principals in corporations by the attorney general's office for failure to file or pay unemployment insurance contributions.

■ A minimum \$10,000 fine, up to \$50,000 maximum, for each quarter and/or a state prison sentence for a felony conviction on contribution evasion charges.

■ A minimum \$2,500 fine, up to \$10,000 maximum, for filing but failing to pay unemployment insurance contributions.

■ Late filing penalties of 10 percent of the contribution due, with a floor of \$35 and a ceiling of \$1,000 for each late quarter.

■ Levies on both a delinquent employer's bank account and state or local government funds owed to the employer after a court judgment and formal notice.

■ Liens on real estate.

■ Assistance from the state Department of Revenue in locating employers not registered with D.E.T.

■ Civil complaints brought by D.E.T. attorneys.

■ Suspension of a delinquent employer's liquor license after a court judgement and a hearing.

■ Ongoing, random audits of employer accounts to see if all workers and wages were properly reported.

■ After notification, public disclosure through the publication of a list of delinquent employers owing more than \$5,000.

**For complicated questions,
call the
RESOLUTION HOTLINE
(800) 338-8829**

Employer Tips

1. Manage your UI costs like any other business cost. Forecast and budget for likely contributions due.
2. Monitor monthly statements of benefits charged to you. Review these statements for accuracy and as a possible source for detecting fraud — you may know that a former employee has returned to work although you are still being charged for benefits.
3. Hire smart. Invest time before hiring to get the best workers. Check their work histories and references. Workers who are discharged because they lack the ability to do a job are not disqualified from collecting benefits under the law.
4. Explore every alternative prior to separation. Consider retraining, reassignment, advance notice, time off for a job search, referrals to other firms or job placement assistance from D.E.T. local offices.
5. Document the circumstances surrounding each separation for reasons other than lack of work, so you'll be prepared to furnish D.E.T. with information promptly and accurately.
6. Participate in D.E.T.'s decision whether to award or deny benefits to one of your former employees.
7. File for an appeal if you believe that D.E.T. awarded benefits to a claimant who does not qualify under the law.
8. Call back separated workers if work becomes available. Certified mail is the best way to do this. Let D.E.T. know if you recall an employee who does not return to work.
9. Hire other UI claimants through your local D.E.T. office, which lowers overall disbursements from the state trust fund.

Collecting Delinquent Unemployment Insurance Contributions

Aggressive enforcement measures have substantially increased D.E.T.'s ability to collect delinquent contributions.

Unemployment Health Insurance

In April 1988, legislation known as "The Universal Health Care Act" was passed to create a health care plan for certain eligible citizens of the Commonwealth of Massachusetts. Funds for the plan come from a "health insurance contribution" from subject employers, and is collected by D.E.T.'s Revenue Service.

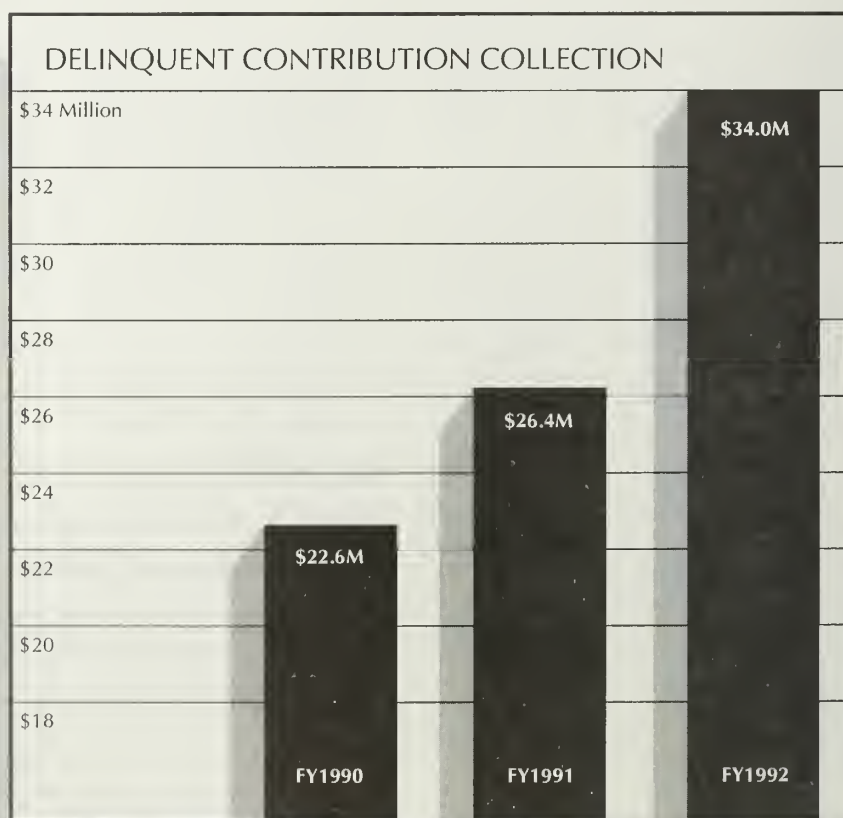
The health insurance contribution provides the revenue to finance health care for eligible unemployment insurance claimants who cannot afford to buy coverage on their own.

D.E.T. is responsible for the collection and processing of health insurance contributions which includes employer liability and wage determinations, as well

as enforcement and employer auditing. While D.E.T. is responsible for collecting employer contributions, the health insurance benefits program is administered by the Department of Medical Security.

Employer Responsibilities

Payment of the health insurance contribution is similar to paying unemployment insurance contributions. In general, employers are required to report to D.E.T. subject wages, the number of employees, and to remit payment of contributions each calendar quarter. Changes in ownership or operation status must be reported immediately, and employers must keep records of data provided to D.E.T., including any supporting documentation from which data is derived.



Each employer subject to the unemployment insurance contribution is also subject to health insurance contributions reporting requirements. This includes those employers in the reimbursable system.

Wages, Wage Base and Wage Exemption

The definition of wages for health insurance contributions is the same as that for Unemployment Insurance contributions. But, the health insurance contribution wage base is the first \$14,000 of an employee's wages paid during the calendar year.

Whenever an average of fewer than 6 employees are employed during a quarter, wages paid in that quarter are exempt. That is, they are not to be considered as part of the wage base for the quarter (or calendar year), nor are employers liable for payment of contributions.

This does not change the definition of wages as forms of remuneration but only exempts those wages based solely upon the average number of employees in a quarter.

Because wages are exempt, the "average employee count" precludes payment of contributions for any quarter in which fewer than 6 workers are employed. (Please see "Liability Exemptions" below.)

Liability and Liability Exemptions

Employers must pay contributions on the first \$14,000 of each employee's wages paid during the calendar year. The amount of contributions due (or liability) is derived by multiplying these wages by an assigned rate. The result is the amount that must be paid as a health insurance contribution.

When a quarterly contribution report is not submitted to D.E.T., as required, the amount of liability cannot be established and therefore will be estimated.

As described under "Wage Exemption," employers are not liable for payment of

health insurance contributions in a quarter whenever the average employee count is fewer than 6 (because wages are exempt for that quarter).

Also, employers are exempt when they meet the definition of "newly subject." That is, an employer is not liable for payment of health insurance contributions, for up to two years after first becoming subject to the Unemployment Insurance contribution.

Reduced Liability

In addition, in the two years following the expiration of the "newly subject" status, liability is reduced through two lower contribution rates for the two calendar years following the "newly subject" status. The liability exemptions and reductions are intended to ease burdens on newly formed businesses and organizations.

Contribution Rates

The health insurance contribution rate is a flat rate of .12 percent for all subject employers-- except for those meeting the exempt or reduced rate criteria discussed above. (Employers operating within two calendar years following the "newly subject" status pay at rates of .04 percent and .08 percent respectively.)

Reporting/Payment Requirements

All subject employers must file a quarterly contributions report each calendar quarter except in the following circumstances.

Newly Subject

Employers that are in the "newly subject" status are not required to file a quarterly report until that status expires.

Average Employee Count

Employers that employ fewer than an average of 6 employees in a calendar quarter are not required to file a quarterly report for that quarter, except for the first quarter each year.

Employers must file a quarterly report and pay contributions in full by the quarter due date to avoid interest and

penalties. Although the Department of Employment and Training will make every effort to mail a quarterly report to employers, failure to receive a report does not preclude an employer from the reporting and payment requirements.

Enforcement

Interest will accrue on unpaid principal at the rate of 12 percent per year from the quarter due date until fully paid.

Employers who fail to file a quarterly contributions report will be penalized at the rate of \$35 per day or \$5 per day per employee, whichever is larger, for each day following the quarter due date until a quarterly contributions report is filed.

Employer records will be periodically subjected to an audit performed by a D.E.T. representative.

Dunning activities may include estimation of liability and interest, property liens and levies upon bank accounts.

Funds Differentiation

Health insurance contributions receipts are deposited in the Medical Security Trust Fund. They are not credited to employers' accounts and are wholly and entirely independent of unemployment insurance contributions and trust fund.

For More Information About Unemployment Health Insurance

Call the following telephone numbers for more detailed information:

Department of Employment and Training

Health Insurance Contributions
(617) 727-1135
or
(800) 228-2597

Department of Medical Security/
General Information
(617) 727-8300
or
(800) 238-0990

4

BENEFITS Eligibility, Determination and Disqualification

Unemployment insurance (UI) is a program that provides benefits for certain Massachusetts workers who meet the eligibility requirements of the law. Generally, the insurance program is designed to cover workers with a strong, steady work history. This insurance supports the purchasing power of unemployed workers and helps to stabilize a community's economy until workers can find re-employment.

Who is eligible?

For those covered by the law, eligibility is based upon two general criteria: earnings and the reason for the separation.

[1] The law currently bases earnings eligibility on wages paid to a claimant during the 52-week period preceding the effective date of the claim. This is defined as the "base period." An employee must have earned at least 30 times his or her weekly benefit rate and no less than \$1,800 during the base period. (This minimum increases to \$2,400 in January 1994.)

Effective October, 1993, the base period will be defined as the first four of the last five completed calendar quarters preceding the effective claim date. Individuals with insufficient wages to qualify using this new base period will have their claim recalculated using wages paid during the 52-week alternate base period. The new base period changes are explained further on page 18.

[2] For separation eligibility, the law requires that a worker be totally or partially unemployed through no fault on his or her part; able to work and available for and actively seeking full-time employment.

Eligibility for partial UI benefits

An employee whose work schedule has been reduced by you or who has obtained part-time work while collecting unemployment benefits may claim partial UI benefits. While collecting, the

claimant must report any earnings from employment on the weekly certification form used to determine ongoing eligibility. (These earnings are subject to verification via a quarterly crossmatch system between D.E.T. and the Department of Revenue. In order to detect fraud, weeks with earnings are matched to weeks of unemployment benefits.)

A claimant is entitled to earn up to one-third of his or her weekly benefit rate before a reduction in benefits is made. Thereafter, there is a dollar-for-dollar reduction.

There are times (i.e., a mass layoff with partial earnings during a holiday week) when the use of the "Low Earnings Report" (Form 209), instead of claimant self-declaration of earnings, would be more efficient. The employer may request through the local D.E.T. office that the Low Earnings Report be used to verify the partial earnings amount. Other arrangements for reporting partial earnings may be made with the manager of your local D.E.T. office.

When completing the Low Earnings Report, be sure to use gross earnings paid for the calendar week(s) (Sunday through Saturday) in question; indicate the reason for the low earnings; and enter the name of the person who completed the form. The form should be completed, dated and signed by you or your authorized representative, and returned to your local D.E.T. office via the mail or the claimant. Prior to a layoff, you may want to familiarize yourself with the Massachusetts Worksharing Program option. Section 6, page 23 has details.

Are all workers covered by the law?

With only a few exceptions, most workers in public, private, and non-profit employment are covered by the Employment and Training Law. Several types of work, however, are not. Exempt classes of employment include the following:

■ Services performed for **churches** and certain religious organizations.

■ Work by a **child under 18 for the child's mother or father**; or by an individual for his or her daughter, son or spouse.

■ **Student work-training experience** administered by a non-profit or public educational institution.

■ **Student financial-assistance employment** by a school, college or university where he or she attends classes, or similar employment for the student's spouse — as long as he or she is notified at the time of hire that unemployment insurance is not provided.

■ **Real estate brokers or salespeople** licensed by the state and **paid solely by commission**.

■ **Insurance agents or solicitors paid solely by commission** (except industrial life insurance agents).

■ **Sole proprietors and members of partnerships**.

■ Services performed by an **individual who is free from direction and control**; working in an independently established business or trade; and not working in your usual course of business or your usual place of business.

■ **Certain employees of state and local governments**, such as elected officials; those in certain policy making and advisory positions; members of a legislative body or of the judiciary; emergency employees hired during a disaster; inmates in custodial or penal institutions; and members of the Massachusetts National Guard or Air National Guard.

D.E.T. will be glad to review your liability for contributions for specific employees or classes of employees in order to avoid audit-related penalties and interest. For more information, contact the Status Department at (617) 727-6850.

What may disqualify a worker from receiving benefits?

Initial Disqualification

In general, workers may be determined ineligible and have their claims indefinitely disqualified if they become unemployed for the following reasons:

- Voluntarily quitting his or her job without “good cause” attributable to the employer. If the individual establishes that the reasons for leaving were of such a compelling nature that separation was actually involuntary, benefits will be paid and you will not be charged. However, “reimbursable” employers will have to finance these benefits totally since they do not contribute to the solvency fund.

- Quitting a job to join one’s spouse or any other person at a new location.

- Being discharged by the employer for deliberate misconduct on the job, in willful disregard of the employing units interests, or a knowing violation of a reasonable and uniformly enforced rule.

- Job loss due to conviction of a felony or misdemeanor.

Requalification for Benefits

To requalify for benefits after being disqualified for one of those reasons listed above, the claimant must return to work for at least eight weeks, and in each of the eight weeks earn an amount equal to or greater than the weekly benefit amount on the claim. In addition, the separation from the new job must be involuntary.

Other Disqualifications

Workers may also have their claims disqualified for any of the following specific reasons:

- School employees and professional athletes who have a reasonable assurance of work in the next academic year, term or season cannot receive benefits between these periods.

- Seasonal workers employed by employers who have received seasonal employer certification status by D.E.T. may be disqualified from receiving benefits unless they become unemployed during the season for which they are hired. Seasonal employees must work fewer than 16 weeks in a calendar year.

- Receipt of vacation pay during a period of regular employment; wages in lieu of dismissal notice; continuation pay; severance pay; termination pay; dismissal pay; or total disability payments under worker’s compensation. This disqualification is only for the weeks in which such payments can be applied.

- Lack of availability for work; unable or unwilling to work full-time; limitation, without good cause, as to work hours or shift; failure to make an active search for work.

- Lack of availability for work because of illness. **Note:** This may be waived for three weeks in a benefit year.

- Withdrawal from the labor market, such as vacationing. (A worker must demonstrate an active search for work before requalifying.)

- Failure, without good cause, to accept an offer of suitable employment or failure to respond to an employer’s reasonable callback.

- Unemployment because of participation in a labor dispute which results in a work stoppage for the employer.

- Full-time self-employment during the claim period. This results in disqualification until proof is given that the person is no longer self-employed and no suitable work has been offered.

- Part-time employment where earnings are an amount equal to or in excess of the worker’s benefit rate. Some weekly part-time earnings will be disregarded before deductions are made from

the worker’s benefits. (See above “Eligibility for partial UI benefits.”)

How is the benefit amount calculated and adjusted?

D.E.T. determines a worker’s benefit by examining the amount of earnings in each quarter during the worker’s base period. (See “Who is eligible?”, page 14 for a definition of base period.) If you employ a worker during his or her base period (even if you were not the most recent employer), you will receive a notice that this individual has filed a claim. (See “Your Role in Claim Determination”, page 17.)

A worker’s benefit rate is calculated as outlined below:

1. earnings from all employers for the two highest income quarters in the base period are added up;
2. that sum is divided by 26 (the number of weeks in two quarters), to arrive at an average weekly wage; and
3. the worker’s weekly benefit rate is half the average weekly wage, up to a current maximum.

For a worker with two or fewer quarters of wages, the amount earned in the highest single quarter is divided by 13 to establish the average weekly wage. The claimant must have earned 30 times his or her weekly benefit rate during the base period to qualify. The total benefit credit is capped at the lesser of: 30 times the weekly benefit rate, or 36 percent of total base period earnings.

An individual’s weekly benefit rate is capped by the maximum benefit rate in effect at that time. A new maximum benefit rate is calculated annually based on the state’s average weekly wage for employment covered by the Employment and Training Law during the 12-month period ending March 31. The maximum benefit rate is calculated at 57.5 percent of this average weekly

wage. The new rate is effective for new claims filed after the first Sunday in October. Only claimants who file after that date are eligible for the revised rate. (For the current weekly maximum, call your local D.E.T. office.)

A dependency allowance of \$25 per week (not to exceed 50 percent of an individual's weekly benefit rate) is added for each dependent child up to 18 years of age; or 18 or older if that child is incapable of earning wages because of physical or mental disability; or up to 24 years of age if the dependent is a full-time student at an authorized school. There are additional eligibility criteria and verification standards for dependency allowances in order to ensure that they are properly paid.

Pensions, including Social Security, are deductible from weekly benefits if the pension is based on work with the base period employer; the date of entitlement to the pension was in the base period or the benefit year of the claim; and, except Social Security pensions, the work during the base period changed the worker's pension eligibility or increased the amount of the pension. A question on the claimant's weekly certification form captures this information.

Pension-related deductions from the UI benefit amount range from none to 100 percent:

- No deduction is made for IRA/Keogh, Railroad Retirement Annuities, lump sum pension payments made prior to the base period and lump sum distributions that are rolled over into a retirement account within 60 days of receipt.

- Half the amount of Social Security payments and pensions financed partly by the worker and partly by a base period employer are deducted.

- The entire amount of pensions financed 100 percent by a base period employer are deducted.

How long do benefits continue?

Regular benefits last a maximum of 30 weeks under state law. If partial weekly benefits are paid, the period may continue until the total benefit amount to which the claimant is entitled is exhausted, but not past the expiration date of the claimant's benefit year.

When unemployment is high, special state and federal programs may go into effect providing additional weeks of benefits. These extended benefit programs are either partially or fully funded by the federal unemployment trust fund, depending on the program.

In addition, workers participating in state approved retraining programs may have their claims extended for up to 18 weeks provided that the worker applied for the program by the fifteenth payable week of his/her claim. This extension is funded through the solvency account. Reimbursable employers are liable for the full amount of retraining benefits paid, or a portion of the benefits if there are contributory employers in the base year as well.

During a federal extension of benefits, claimant eligibility is limited to no more than 26 weeks of full benefits on the regular claim. During the transition period, claimants who had originally been determined eligible for between 27-30 weeks of regular benefits may receive an amended notice reducing this amount to 26 weeks. In these cases, claimants are placed on the extension program beginning at week 27 if they are eligible and still unemployed.

When do approved benefits begin and how are they issued?

Workers should be advised to file a claim for benefits immediately. The first week claimed for unemployment benefits is a waiting period for which a claimant will not receive a benefit check, but must meet all other eligibility requirements. After filing the initial application, the claimant will report to

the local office two weeks later for an orientation regarding his or her rights and responsibilities under the Employment and Training Law. During this two-week period, eligibility for benefits is determined by reviewing wage and separation information.

The former employer is notified when a claim is approved and can file an appeal. A disqualified claimant can also appeal. (See Section 5, page 18 for more information.)

Once approved for benefits, claimants will receive a certification form and check in the mail every two weeks. The form is completed with a report of any income earned, job search efforts and availability for work, and is returned to a centralized processing unit where the form is scanned optically. Any eligibility questions raised by information received on this form will generate a mailing of instructions to the claimant. For example, a claimant may receive a reissued form for a signature which was omitted on the original, or may be requested to visit the local office for a review of his or her claim.

When a claimant is eligible, an unemployment check will be mailed. To ensure ongoing eligibility, claimants are scheduled for periodic visits to their local office to verify work search efforts.

The worker's benefit year is the 52-week period beginning with the effective date of the claim. An employee may file a new claim only once during that year unless the claimant is eligible for benefits in another state. A claimant cannot receive benefits from two or more states at the same time.

If an individual exhausts his or her claim during the benefit year, a new claim may not be filed until the benefit year has ended. A worker who becomes unemployed more than once (with the same or a different employer) during the benefit year and has not yet exhausted the total benefit amount may reopen an existing claim.

5 YOUR ROLE IN CLAIM DETERMINATION AND APPEALS

As an employer, you play an integral role in determining eligibility for unemployment insurance. This role begins even before an employee becomes separated from your company, and may continue through a series of appeals. Understanding the law and its application can help you control UI costs as well as manage certain company operations to best protect your interest and the interest of your workers.

The law requires that an employer's expectations be reasonable and uniformly enforced. All expectations regarding your standards of behavior and performance requirements, as well as consequences for breaches of these standards should be clearly formulated, preferably in writing, and communicated to employees. This may be accomplished through an "Employee Handbook" given to all employees at the beginning of their employment.

In addition, be sure to document any actions taken prior to the discharge — events, witnesses to events, dates and details of verbal warnings, written warnings, etc. These documented details will assist you in the process of determining eligibility for unemployment insurance.

Provide a Separation Notice

When you lay off an employee, be sure to give him or her a "Separation Notice" (Form 0590-A) with your correct employer name, Massachusetts unemployment insurance employer number and address to which requests for separation and wage information should be mailed. This address for wage requests should be where the employee's payroll and personnel records are kept, not necessarily where he or she worked. Copies of the Separation Notices are available from your local D.E.T. office. (A complete list of offices is on the back cover.)

What information must you provide and when?

When an individual files an unemployment insurance claim, D.E.T. must

quickly obtain certain information from his or her former employer(s) in order to make a timely determination of eligibility.

Currently, D.E.T. mails a "Request for Wage and Separation Notice" (Form 1062) to all employers listed on the claim. This information helps D.E.T. to determine the monetary eligibility of the claim, the separation eligibility of the employee and the potential establishment of what account(s) to charge. Promptness and accuracy are critical, and employers must respond timely to a request for separation information.

With the implementation of a wage reporting system, wages will not be requested in this manner unless a claimant was not eligible using wages in the first four of the last five completed calendar quarters. The new wage reporting system is explained further on page 18.

Providing this information in a timely manner is vital to preserve your right to participate in the appeals process. This includes your right to contest a determination that adversely affects you. You must return this form to D.E.T. within 10 calendar days of the mailing date. (The mailing date is noted on Form 1062 in Box 10.) When the last day of this 10-day period falls on a Saturday, Sunday or legal holiday, the form is considered returned "timely" if filed with D.E.T. or postmarked on the next succeeding business day.

Failure, without good cause, to return this form in a timely manner results in:

- Loss of right to file an appeal
- Loss of rights at a hearing if a disqualified former employee files an appeal
- A \$25 penalty fee per claim
- Charges to your account if benefits are paid, even if such charges would

ordinarily be charged to the solvency account

- Potentially higher experience rating, thus increasing your contributions

Below are some guidelines for completing both the separation and wage information on D.E.T.'s form:

- When wages are requested, report gross wages, not take-home pay. Report wages actually paid for the dates in question, not wages earned. The term "wages," as used in the Employment and Training Law, refers to every form of remuneration paid directly or indirectly to employees, including salaries, commissions, tips and bonuses; reasonable cash value of board, rent, housing and lodging; and all payments made in any medium other than cash.

- If the request for the amount of wages paid to an employee is for a partial calendar quarter, be sure to provide information on wages for that period only. Some employers mistakenly provide information on the full, rather than partial, quarter.

- Clearly state the circumstances under which the claimant left your organization or company. Provide details as requested.

- Furnish information pertaining to pensions, part-time/on-call employees and school employees in sections 17, 18 and 19 on the form.

- Be sure to complete the certification part of the form, using your employer number assigned by D.E.T. Have an authorized person sign the form, including his or her title and the date.

- Return the completed Form 1062 to the local D.E.T. office indicated in Box 16. Any questions on completing Form 1062 can be directed to the local office as well — phone numbers are listed for your convenience on the back of this book.

■ By law, all information provided to D.E.T. is confidential and privileged. It cannot be the basis for any slander or libel actions.

It is the responsibility of D.E.T. to gather sufficient critical information to satisfy the law. In many cases, the employer or its agent will be contacted for a fact-finding interview, in addition to the completion of Form 1062.

New wage reporting procedures take effect in 1993

In order to calculate monetary eligibility of potential claimants, D.E.T. currently contacts employers for wage and separation information for each person individually. Under the new system, D.E.T. will use the quarterly wage record reports employers submit to the Massachusetts Department of Revenue to calculate eligibility. This new system should significantly decrease the reporting burden on employers, and is targeted for implementation in October of 1993.

The use of quarterly wage records will change the primary base period used to calculate monetary eligibility to the first four of the last five completed quarters. However, the new legislation provides an alternate base period of the most recent 52 weeks (as in the present system). This alternate base period will be used only when an individual is ineligible for benefits based on wages paid in the primary base period. In these cases, the employer will be required to complete a wage request form, as in the current system.

From October 1993 to October 1994, certain circumstances may result in some wages being used twice to establish two separate benefit year claims. In these cases, contributory employers will be relieved of the charges resulting from benefits paid based on the reused wages. These benefits will be charged to the Solvency Account. Reimbursable employers will remain liable for payment of these charges. After October 1, 1994,

D.E.T. will no longer reuse wages on a new benefit year.

What happens if the "Separation and Wage Request" is returned late?

The primary consequence of a form returned late without good cause is the loss of your appeal rights. There is also a penalty of \$25 per late form.

If you are an interested party employer (i.e., any employer that the employee worked for during his/her last four weeks of employment) and you return the form late, your local D.E.T. office will send you a "Determination as to Timely Return of a Claim Notice" (Form 0676), which will indicate whether the reason is considered "good cause" or not. You have the right to appeal this determination, but it must be done within 10 days of mailing.

In addition (unless lateness is determined attributable to good cause), all employers will receive a "Notice of Penalty Assessment" (Form 1058). You may pay the penalty at that point or file a protest within 10 days. The protest should explain the reason for failure to submit promptly the information requested by D.E.T. Direct your questions to the Penalty Assessment Unit at (617) 727-6517.

What happens if the employee does not agree with the wages reported?

If an employee disagrees with the amount of wages you report (since that figure affects the calculation of the individual's benefit rate), D.E.T. will send you a "Supplementary Wage Request" (Form 0579). In this case, please review your wage records, complete the form and return it to the appropriate local office that initiated the request.

How is an employer notified of the action taken on a claim?

If you protest a claim promptly, and you are an interested party, D.E.T. will respond as follows:

■ If the claim is approved by D.E.T., you will receive a "Notice to Employer of Approved Claim" (Form 0124). This form indicates the details of the approval and outlines your appeal rights.

■ If the claim is disallowed by D.E.T., the employee receives "Notice to Claimant of Disqualification" (Form 3720), a copy of which is also sent to you. This form indicates the details of the disqualification and the employee's appeal rights.

■ If you have protested a claim timely, but were a base period employer (i.e., the employee in question worked for you within the last 52 weeks, but not during the four weeks prior to filing a claim), your account should not be charged, as long as the employee was separated under potentially disqualifying circumstances. If charges are made to your account, you have the right to protest the charges.

How is a reopened claim different?

When an employee reopens a claim during the benefit year (i.e., after finding new work or returning to a job, the worker becomes unemployed again and has benefits remaining on the claim), D.E.T. will send you a "Request for Separation and Wage Information—Additional Claim" (Form 1074), if you were that worker's employer during the four weeks of employment immediately prior to the latest separation.

Timely return of Form 1074 is important. Although you may not accrue charges on this claim, you may accrue charges on a subsequent claim.

What if an employee does not return when recalled?

If an employee does not return to work after you have issued a recall, you must notify the local D.E.T. office in writing within five days and include the employee's name, Social Security number, occupation, reporting date and your method of notification.

The Appeals Process

Either you or your former employer may request a hearing to dispute a decision.

The employee's failure to return to work under these circumstances may result in his or her disqualification for unemployment insurance benefits and the subsequent reduction of benefit charges to your experience rating account.

How do you appeal a claim determination?

The Massachusetts Employment and Training Law allows any interested party — employer or employee — who disputes a determination or decision to request a hearing.

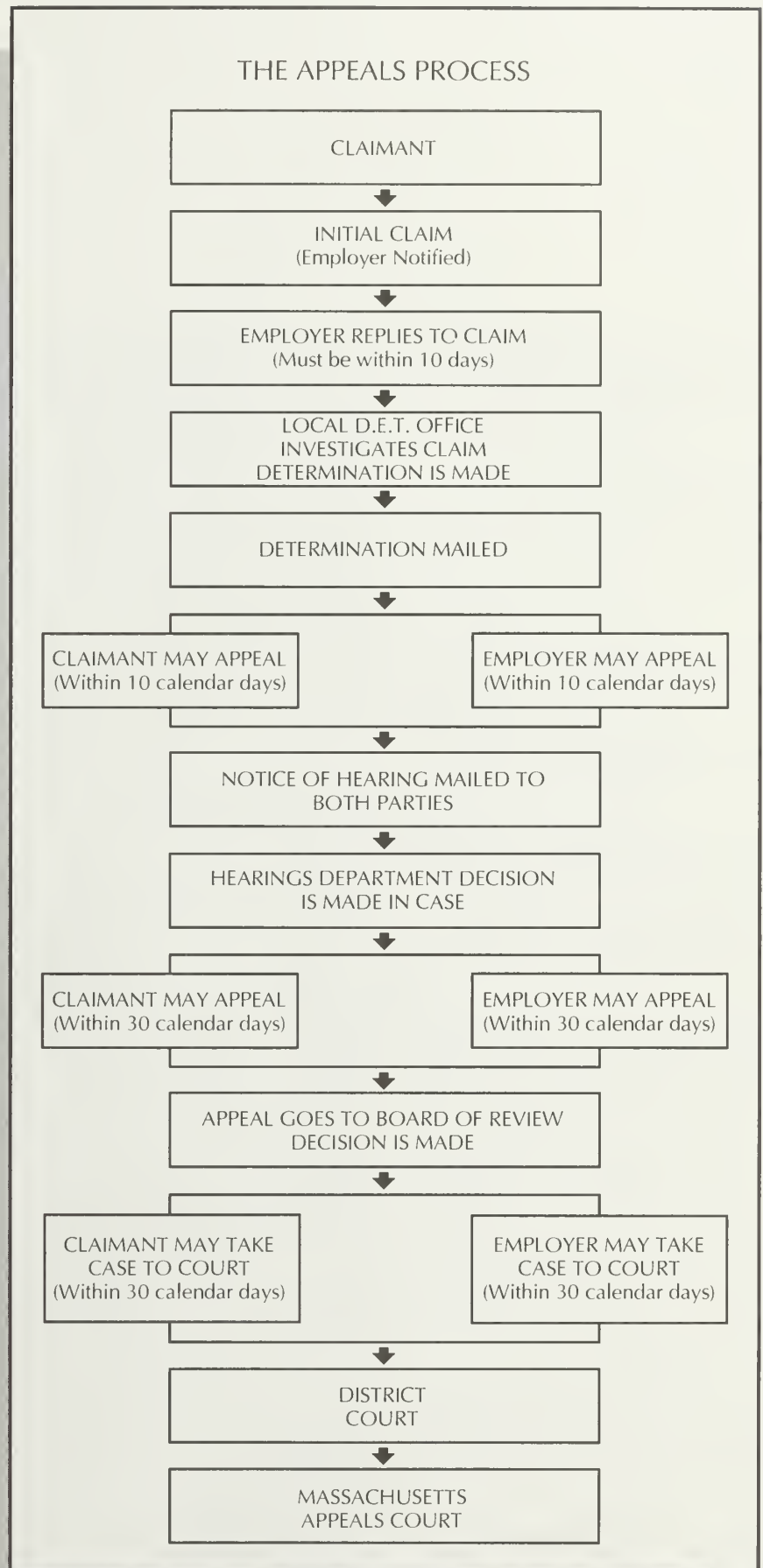
The D.E.T. appeals process offers a three-level review of a disputed claim:

■ First-level appeals, which dispute the determination of the local D.E.T. office, are heard by impartial review examiners assigned to the D.E.T. Hearings Department. This appeal must be made within 10 days of receiving the "Notice to Employer of Approved Claim" (Form 0124).

■ Second-level appeals, which dispute a decision of a D.E.T. review examiner, may be reviewed by the Board of Review, a three-member panel appointed by the governor and administered independently of D.E.T. The board may uphold, reverse or modify the decision of the review examiner. Appeals to the board must be made within 30 days of notification of the hearings decision.

■ Appeals to the District Court are allowed by law if a party disagrees with a decision of the Board of Review, and must be made within 30 days of notification. A party dissatisfied with a District Court decision may appeal that decision to the Massachusetts Appeals Court.

For the employer, the formal appeals process generally begins when you receive a "Notice to Employer of Approved Claim" (Form 0124) from a local D.E.T. office after an initial protest. For



your employee, it usually begins when he or she receives a "Notice to Claimant of Disqualification."

You or your representative may request a hearing on the approved claim by [1] filling out and returning, by mail or in person, the bottom of Form 0124 to your local D.E.T. office, or [2] sending a letter to your local D.E.T. office.

Important: The request for a hearing must be postmarked within 10 calendar days after the mailing of the D.E.T. notice. For mailed requests, your postmark date is considered the filing date, and you may choose to use certified mail with a return receipt.

Within three days of receiving an appeal request from an employer or employee, an appeals acknowledgment will be issued to both parties. This notice indicates to you that the Hearings Department has received your appeal.

Scheduling

Approximately two weeks after your request is received and about 10 days before the scheduled hearing, D.E.T. will mail you a "Notice of Hearing," which will indicate the date, time and place of the hearing, along with a description of the issues involved and your legal rights and responsibilities. D.E.T. mails a notice of a hearing at least 10 days before the actual hearing occurs. If your notice is mailed fewer than 10 days before your scheduled hearing, you may request a postponement if you do not have adequate time to prepare.

The Hearings Department will assign a place for the scheduled hearing based on the needs and locations of the interested parties.

Generally, you may not apply for a change in date, time or location unless there is serious cause. Requests should be made to the Hearings Department immediately when the situation arises;

but under no circumstances fewer than 24 hours before the hearing, so that D.E.T. can inform all interested parties. D.E.T. considers a prompt hearing to be an important right for both parties, and is generally reluctant to delay proceedings.

Telephone hearings: If the claimant is presently living in another state or if there are 50 miles between the parties, the hearing will take place via a telephone conference call. Prior to the hearing, D.E.T. will mail both parties detailed materials describing the information to be covered as well as the time of the hearing telephone call.

If you decide to withdraw your appeal for any reason, this request must be made in writing. Please refer to your case number, located in the upper right hand corner of the notice, when communicating with D.E.T. about the hearing.

If you fail to appear for a scheduled hearing made at your request, your appeal will be considered to have defaulted, and you will be notified. However, if you can subsequently show, in writing and within three days, that a valid and compelling reason prevented your attendance, the appeal will be reinstated and a new hearing will be scheduled. If you are not the appealing party and choose not to attend, the examiner will decide the case on the basis of the evidence presented at the hearing. If the claimant is the only party present at the hearing, generally his or her sworn testimony will be the primary evidence on which the decision is based.

What are your rights at an appeal hearing?

Review examiners conduct hearings in accordance with Massachusetts' "fair hearing" regulations, a copy of which is available at nominal cost from the State Bookstore, State House, Room 116, Boston, MA 02133, (617) 727-2834. Ask

for a copy of the Standard Adjudicatory Rules of Practice and Procedure [801 CMR 1.02 and 1.03].

Briefly, as an interested party, you have the right to:

- Be represented by an attorney, professional agent or any person who can assist in presenting an effective case to the examiner.
- Review all D.E.T. files that relate to your case prior to the hearing. The file is generally available for review two to three days before the hearing. You should make advance arrangements with your local D.E.T. office manager to review these documents and the appropriate sections of Chapter 151A of the Employment and Training Law.
- Present evidence to support your statements.
- Present witnesses who can provide first hand testimony relevant to the issues in the case.
- Cross examine, rebut and confront witnesses.
- Obtain a subpoena to compel the attendance of a valuable witness or the production of documents. You should request this from your local D.E.T. office or from the regional hearings office as soon as you receive your hearing notice because subpoenas must be requested at least four days prior to a hearing. You must arrange to have a neutral third party (sheriff, constable or other person) serve the subpoena, and you must pay the server's fee as well as the witness fee and mileage allowance.
- Be assisted by an interpreter. If you or the claimant requires an interpreter, your local D.E.T. office will make arrangements to provide the service.

What to expect at a hearing

Once a hearing has been scheduled, the D.E.T. review examiner assigned to the appeal is responsible for all procedural matters. In order to determine the facts of the case and make a fair decision, the impartial review examiner—who has no knowledge of the case aside from reading the file documents—ensures that all parties have an adequate opportunity to present relevant testimony and documents.

After the parties have assembled in the hearing room, during the prehearing, the review examiner may:

- Inquire whether any factual matters, such as the dates of employment, are undisputed.
- Review the case file to identify the exhibits to be introduced as evidence.
- Establish the number of witnesses and the order in which the parties will present them.

Once the hearing starts, the review examiner will begin to create the “hearing record,” a tape recording of the proceedings for possible later use by a higher appeal body. In a brief introductory statement, the examiner will explain your rights during and after the hearing; the nature and scope of the issues in the case; and the meanings of any terms which are unclear to you. Finally, the hearing officer will name and number all written exhibits and will place all witnesses—including you, if you are testifying—under oath.

As the hearing progresses, you will be asked to testify and to present your witnesses, if any. If you are not represented by an attorney or agent, the review examiner will question the witness(es). If you are represented, the examiner will first establish the witnesses’ identity and then allow your representative to take over questioning. If, when the questioning is completed, the hearing officer

feels that some facts are unclear, he or she may direct additional questions to the witnesses.

When testimony is completed by one party, the opposing party may then cross-examine to bring out additional facts that bear on the earlier testimony, including the accuracy of that testimony. This allows the review examiner to accurately weigh all testimony in reaching a decision.

Throughout the hearing, you have the right to object to testimony, question supporting and opposing witnesses (including the employee), explain or rebut testimony and present written arguments to help the examiner evaluate the evidence.

If a new issue, (i.e., one not contained in the hearing notice) is raised by one party, the examiner may order a “continuance” of the remainder of the hearing to a later date to permit the other party to collect and present additional evidence. Also, if a subpoenaed witness whose testimony is vital to the decision fails to appear, a continuance may be ordered to allow the subpoena issuing party to obtain a court order enforcing the appearance.

When all testimony has been presented by both parties, the review examiner will officially close the hearing and dismiss the parties. In most cases, a written decision will be mailed to you within 14 days after the hearing; decisions are not given orally, in person or over the telephone. The decision will include a statement of the issues, findings of fact, conclusions of law and the reasoning on which the decision was based.

Also included in the decision will be an explanation of how you may file an application for further review by the Board of Review. (See below.)

The recording of the hearing is confidential and is retained by the regional hear-

ings office in the event of a further appeal. If that should be necessary, you may order a copy of the recording (at a cost set by the Massachusetts Executive Office of Administration and Finance) by calling the regional hearings office. The current price is \$7.50.

How do you appeal the review examiner’s decision?

If you plan to appeal a Hearings Department decision to the Board of Review, you must do so within 30 calendar days of the mailing date of the review examiner’s decision. You may file in person at your local D.E.T. office, which will then forward the appeal to the Board of Review; or by mail, using a D.E.T. appeal Form 1801 or a signed letter addressed to the Board of Review, in which case the postmark date will be considered the date of filing.

Employers who wish to appeal a D.E.T. determination to award benefits should not wait until a Board of Review appeal. In most cases, the board relies on the evidence presented at the first hearing in making a decision whether to support or reverse the previous decision.

If you file late, the Board of Review will hear your case to determine if your appeal should be accepted. If the board rules that, under the circumstances, the appeal was a timely one, then the board will consider the application on its merits to determine if any further action should be taken.

As part of this step, a review examiner assigned to the Board of Review (instead of the Hearings Department) will review the hearing record and the first examiner’s decision and then make recommendations to the board. The board must grant or deny such an application for review within 21 days after your appeal. If the board does not act within the 21-day time period, the application is denied and your recourse is to a Massachusetts District court. Any appeal

Employer Tips

must be filed within 30 days from the end of the 21-day consideration period.

If, however, the board grants your application within the 21-day period, it may, at its option:

- Decide the case based solely on the hearing record.
- Send the case back to the Hearings Department for further evidence on certain points.
- Schedule a new hearing before the board to take additional evidence.
- Ask you or the employee to send in written reasons for agreeing or disagreeing with the review examiner.
- Remand for a *de novo* hearing. A *de novo* hearing starts anew with a different review examiner who has no previous knowledge of the case.

Except for a remand *de novo* hearing, the Board of Review will reconsider the evidence and issue its own, second level decision in the case.

If you are dissatisfied with the board's final disposition of the case, you can appeal that decision to the Massachusetts Trial Court, District Court Department, generally in the district where your operations are located. You have 30 calendar days after the mailing of the board's decision or the board's denial of your application for further review to file a third level appeal.

For further guidance on filing a court appeal, refer to Massachusetts General Laws, Chapter 15A, Section 42, which is printed on the reverse side of Board of Review decision notices.

Representing your organization at a D.E.T. hearing

1. The law requires that employers' expectations be reasonable and uniformly enforced. All expectations regarding your standards of behavior and performance requirements, as well as consequences for breaches of these standards should be clearly formulated, preferably in writing, and communicated to employees. This can be accomplished through an "Employee Handbook" given to all employees at the beginning of their employment.

2. Be prepared. Have documentation ready. Review the file beforehand. Be ready to make an entire case for denying benefits, if necessary.

3. Have staff present who can testify directly on the events which led to the separation, especially if a discharge occurred. The most reliable testimony is from someone directly involved in the separation and/or someone who actually saw or heard events which led to the separation.

4. Present both written evidence (warning letters, for example) and direct testimony on the important issues in dispute, particularly company policies. Be ready to testify whether these policies are widely known, how policies are known and if policies are uniformly followed.

5. Restrict your presentation to issues relevant to the separation and provide evidence that the hearings officer needs to make certain findings of fact under the law.

6. Allow the claimant to present his or her case fully before beginning cross-examination, to make certain that all relevant facts are put before the D.E.T. hearing officer.

7. Any questions pertaining to a hearing or the hearings process can be referred to your regional hearings office.

Regional Hearings Offices

Boston Region

19 Staniford Street, 2nd Floor
Boston, MA 02114
(617) 727-6616

Metro Region

(including Worcester)
19 Staniford Street, 2nd Floor
Boston, MA 02114
(617) 727-6649

Southeast Region

446 North Main Street
P.O. Box 751
Fall River, MA 02722
(508) 678-7581

Northeast Region

444 Canal Street
Lawrence, MA 01840
(508) 683-4091

Western Region

88 Industry Avenue
P.O. Box 639
Springfield, MA 01104
(413) 731-7853

6 MAJOR LAYOFFS

Options, Notification Requirements, Services

Options

If your company experiences a business slowdown, you may find yourself considering a layoff. There are however, some services and programs that you may want to examine as you decide what to do — before you separate any employees.

Worksharing

One option when facing a temporary layoff is the Massachusetts Worksharing Program. Worksharing helps you retain your skilled workforce by having all workers in a department or unit share reduced work hours. With worksharing, you stay prepared for business upswings, avoiding the time and expense of hiring and training new workers when your business turns around.

Eligible employees can collect a percentage of their UI benefits equal to the reduction in their wages. For example, if you need to cut production by 20 percent, you can reduce affected workers' hours by 20 percent — instead of laying off 20 percent of your workforce. Eligible employees would then receive 20 percent of their UI benefits to help offset their lost earnings. Your UI account is charged for these benefits.

Most private and public sector employers are eligible; however, seasonal layoffs are not covered. If your employees are unionized, the union must agree with the terms of your worksharing application. An employer participating in worksharing is also responsible for providing health insurance coverage and pension contributions.

To find out more about the worksharing program, contact D.E.T. at (800) 328-4113. We'll work with you to evaluate if this is the right choice for you and your employees, and help integrate worksharing into your company's plan.

Industrial Services Program

The Massachusetts Industrial Services

Program (ISP) also has services for employers to consider before a layoff. The ISP has preventive strategies that focus on strengthening the competitive position of manufacturing companies by helping them improve business planning, marketing, production management and financial position. Management and financial consulting are available, along with high-risk loans and equity investments from a state-funded capital pool. For more information, call the ISP, (617) 727-8158, or write: 100 Cambridge Street, Room 1302, Boston, MA 02202.

Notification Requirements

STATE: If you are planning a permanent or temporary plant closing — either totally or partially — you should contact your local D.E.T. office immediately (see listing on back cover), and write to: Commissioner, Department of Employment and Training, 19 Staniford Street, Boston, MA 02114.

Along with initiating appropriate actions regarding unemployment insurance, D.E.T. conducts a certification process, determining whether or not the layoff constitutes a "full" or "partial" (as defined below) plant closing based on the number of workers affected.

If your company layoff is certified as a full or partial plant closing, state law requires that you extend health insurance benefits for your workers for 90 days following the plant closing. Both employer and employee are responsible for paying their share of the premium costs.

A "full" plant closing occurs when a firm with 50 or more employees permanently lays off 90 percent or more of its workers within a six-month period.

A "partial" plant closing occurs when a facility has laid off at least 20 percent of its workforce, but not fewer than 25 employees, within the immediately preceding six-month period, and:

- At least 300 workers are or will be permanently separated within the six-month period; or

- The layoff occurs or will occur in a labor market with an unemployment rate 20 percent higher than the statewide average for the preceding eight calendar quarters; or

- At the time of certification, the layoff represents at least 5 percent of the employment of the city or town where the facility is located.

FEDERAL: The federal Worker Adjustment and Retraining Notification (WARN) Act requires most employers with 100 or more workers to provide every employee or the workers' representative with 60 days written notice of a plant closing or mass layoff.

Firms subject to WARN must also notify:

- The Massachusetts Industrial Services Program at (617) 727-8158

- Commissioner, Department of Employment and Training, 19 Staniford Street, Boston, MA 02114

- And the elected official in your community

Services for You and Your Employees

The Commonwealth has developed special programs to aid affected workers and their communities. Notification as early as possible is key, and can make a difference in lessening the effect. Once notice is given, these programs can help smooth the layoff ripple effect and speed the recovery.

D.E.T. Services

You can get practical information about unemployment insurance, job services

and training assistance from D.E.T. When a mass separation appears inevitable, D.E.T. can advise both labor and management on UI benefits, retraining opportunities and local job prospects. D.E.T. often makes such presentations on-site.

D.E.T. job placement staff can arrange interviews, or even "mini job fairs," to match your workers with other employers needing their skills.

Cost is obviously an important factor in deciding whether to lay off workers for specific periods. Because your UI contribution is experience-based, plant closings and other major layoffs will affect your rate in subsequent years. D.E.T. revenue specialists can help forecast draws against your account and estimate the impact on your future contribution rates.

The ISP directs Rapid Response Teams who are able to meet with company management and workers to outline the appropriate response to the layoff or plant closing, to ensure an orderly shut-down and speed delivery of services to the workforce. Team members can provide up-to-date information to companies and employees on issues of immediate concern on-site before actual layoffs. The teams can also provide assessment, employment counseling, job search and other workshops and remedial training. They can organize both job fairs and training fairs just prior to the layoffs. Call (617) 727-8158 for more information on Rapid Response Teams.

For certain major layoffs, area- or company-specific Worker Assistance Centers (WACs) and Emergency Assistance Centers (EACs) provide special job training and job placement services to ease the transition between jobs for laid-off workers. Workers choose from a number of options, including career planning and job workshops, classroom and on-the-job training, vocational counseling and job development and placement assistance.

Employer Checklist

ESTABLISH AND MAINTAIN ACCOUNT WITH D.E.T.

- To establish or verify your employer number: Call (617) 727-6850.
- To change your address: Call (617) 727-6848.
- For changes in ownership/operation: Call (617) 727-6850.

POST "NOTICE TO EMPLOYEES" REGARDING UI RIGHTS

- To obtain copies of this notice: Contact your local D.E.T. office (see back cover for the office nearest you).

RECEIVE AND REVIEW ANNUAL EXPERIENCE RATING IN FEBRUARY/MARCH

- If you have questions: Call (617) 727-6896.

FILE CONTRIBUTION REPORT QUARTERLY

- If you do not receive the form: Call (617) 727-6704
- For up-to-date information about your account: Call your local Revenue Field office (See page 7 for listing).
- If you disagree with any benefits charged: Call (617) 727-6775.
- If you use the reimbursable method and have questions: Call (617) 727-8272.
- If you have a complicated contribution question to resolve: Call (800) 338-8829.

IN THE EVENT OF A LAYOFF

- For information about Worksharing: Call (800) 328-4113.
- Give "Separation Notice" to each employee: To obtain forms: Contact your local D.E.T. office.
- For plant closings: Contact your local D.E.T. office, the Industrial Services Program at (617) 727-8158, your key elected official, and D.E.T. Commissioner.

PARTICIPATE IN CLAIM DETERMINATION

- Fill out "Request for Separation and Wage Information" when sent. If you have questions: Contact your local D.E.T. office listed in Box 1 on the form.
- Participate in hearings, if required. If you have questions: Call the regional hearings office (see page 24 for listing).

CONTACT YOUR LOCAL D.E.T. OFFICE

- For recruitment assistance, labor market information, access to training programs and other customized employment resources: Contact your local D.E.T. office (see back cover) and ask for an Employer Service Representative to work with you.

If you are faced with a complicated question or problem regarding unemployment insurance, call the toll-free resolution hotline at (800) 338-8829.

7 HOW TO FIND QUALIFIED WORKERS

Each year, D.E.T. helps more than 10,000 employers find almost 50,000 qualified workers to fill all types of job openings — making D.E.T. the state's largest jobs agency. You can save considerable time and money by taking advantage of D.E.T.'s recruitment services offered at no additional charge to you.

Through D.E.T., you'll gain access to this diverse labor pool — workers of all occupations and skill levels visit local D.E.T. offices every day. Whether you're looking for highly technical personnel or entry level workers, you can get:

- Job applicants pre-screened against your specifications, freeing your staff to interview only suitable candidates.
- Your job openings immediately advertised to job seekers statewide — just mail, phone or fax in your job listing. D.E.T. job specialists then go to work to identify appropriate qualified candidates for your opening. Your job requirements will be matched electronically with the applicants that meet your needs.
- Labor market information to assist in business planning.
- Information and assistance in filing for a federal Targeted Jobs Tax Credit when you hire qualified workers from certain economically-disadvantaged groups. (Call (800) 392-6209 for more information.)
- Access to well-trained candidates through the federal Job Training Partnership Act (JTPA) training system.
- The flexibility to fill job openings for one location or several branch offices statewide.

To access these services and more

Your Employer Service Representative wants to get to know you and your business to develop solutions for your employment needs. For the name of your Employer Service Representative, call your local D.E.T. office.

Answers to your labor market questions

Do you want to know the average salary in your area for a particular job? Which industries are growing and why? As the state's official source of labor market information, D.E.T. provides the reliable information you need to better plan for the future.

D.E.T. surveys thousands of companies each month and publishes research reports on unemployment, economic conditions and other aspects about the changing workforce. In addition, labor market economists are available to interpret research, and answer your specific questions. You can also sign up for a free subscription to D.E.T.'s award-winning *Massachusetts Economic Quarterly* newsletter, which highlights the labor news for you. Your Employer Service Representative can assist you in finding the information you need. Or, call the Labor Market Information Office at (617) 727-6530.

Sample Research Available

- Monthly estimates of employment for major industries based on a survey of non-agricultural employers.
- Monthly unemployment data for the state, and its 25 labor market areas, 16 service delivery areas, 14 counties and 351 cities and towns.
- Analyses of local economies, which chart employment by industry in each of the state's 16 service delivery areas with an overview of local trends.
- Special reports on the changing Massachusetts economy and workforce as well as occupational information such as a "Directory of Licensed Occupations in Massachusetts," and "Building a Career Information Resource Center."

Employer Tips

If you're just getting started in Massachusetts, your start-up team can get:

- Information and advice about local wages, labor market and industry conditions, and recruitment options.
- Quick access to thousands of qualified workers through D.E.T.'s statewide computerized job bank.
- Help in recruiting and screening your initial workforce, either on-site or at your local D.E.T. office.
- Tips for registering for unemployment insurance.
- Access to key decision makers in education, business, government and economic development.

8

TABLE OF CONTRIBUTION SCHEDULES AND RATES

Employer Account Reserve Percentage Table

Each employer's individual rate falls under one of the following schedules, depending on your individual account's reserve percentage.

| Employer Account Reserve Percentages | AA 3.0% and over | A 2.6% or more but less than 3.0% | B 2.2% or more but less than 2.6% | C 1.7% or more but less than 2.2% | D 1.4% or more but less than 1.7% | E 1.1% or more but less than 1.4% | F 0.8% or more but less than 1.1% | G less than 0.8% | Surcharge (Applies to 1993 only) |
|--------------------------------------|---------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------|-------------------------------------|
| Negative Percentage | | | | | | | | | |
| 14 or more | 6.5 | 6.9 | 7.3 | 7.7 | 8.1 | 8.5 | 8.9 | 9.3 | .4 |
| 13.0 but less than 14.0 | 6.3 | 6.7 | 7.1 | 7.5 | 7.9 | 8.3 | 8.7 | 9.1 | .4 |
| 12.0 but less than 13.0 | 6.1 | 6.5 | 6.9 | 7.3 | 7.7 | 8.1 | 8.5 | 8.9 | .4 |
| 11.0 but less than 12.0 | 5.9 | 6.3 | 6.7 | 7.1 | 7.5 | 7.9 | 8.3 | 8.7 | .4 |
| 10.0 but less than 11.0 | 5.7 | 6.1 | 6.5 | 6.9 | 7.3 | 7.7 | 8.1 | 8.5 | .4 |
| 9.0 but less than 10.0 | 5.5 | 5.9 | 6.3 | 6.7 | 7.1 | 7.5 | 7.9 | 8.3 | .4 |
| 8.0 but less than 9.0 | 5.3 | 5.7 | 6.1 | 6.5 | 6.9 | 7.3 | 7.7 | 8.1 | .4 |
| 7.0 but less than 8.0 | 5.1 | 5.5 | 5.9 | 6.3 | 6.7 | 7.1 | 7.5 | 7.9 | .4 |
| 6.0 but less than 7.0 | 4.9 | 5.3 | 5.7 | 6.1 | 6.5 | 6.9 | 7.3 | 7.7 | .3 |
| 5.0 but less than 6.0 | 4.7 | 5.1 | 5.5 | 5.9 | 6.3 | 6.7 | 7.1 | 7.5 | .3 |
| 4.0 but less than 5.0 | 4.5 | 4.9 | 5.3 | 5.7 | 6.1 | 6.5 | 6.9 | 7.3 | .3 |
| 3.0 but less than 4.0 | 4.3 | 4.7 | 5.1 | 5.5 | 5.9 | 6.3 | 6.7 | 7.1 | .3 |
| 2.0 but less than 3.0 | 4.1 | 4.5 | 4.9 | 5.3 | 5.7 | 6.1 | 6.5 | 6.9 | .2 |
| 1.0 but less than 2.0 | 3.9 | 4.3 | 4.7 | 5.1 | 5.5 | 5.9 | 6.3 | 6.7 | .2 |
| 0.0 but less than 1.0 | 3.7 | 4.1 | 4.5 | 4.9 | 5.3 | 5.7 | 6.1 | 6.5 | .2 |
| Positive Percentage | | | | | | | | | |
| 0.0 but less than 0.5 | 3.5 | 3.9 | 4.3 | 4.7 | 5.1 | 5.5 | 5.9 | 6.3 | .1 |
| 0.5 but less than 1.0 | 3.4 | 3.8 | 4.2 | 4.6 | 5.0 | 5.4 | 5.8 | 6.2 | .1 |
| 1.0 but less than 1.5 | 3.3 | 3.7 | 4.1 | 4.5 | 4.9 | 5.3 | 5.7 | 6.1 | .1 |
| 1.5 but less than 2.0 | 3.2 | 3.6 | 4.0 | 4.4 | 4.8 | 5.2 | 5.6 | 6.0 | .1 |
| 2.0 but less than 2.5 | 3.1 | 3.5 | 3.9 | 4.3 | 4.7 | 5.1 | 5.5 | 5.9 | .1 |
| 2.5 but less than 3.0 | 3.0 | 3.4 | 3.8 | 4.2 | 4.6 | 5.0 | 5.4 | 5.8 | .1 |
| 3.0 but less than 3.5 | 2.9 | 3.3 | 3.7 | 4.1 | 4.5 | 4.9 | 5.3 | 5.7 | .1 |
| 3.5 but less than 4.0 | 2.8 | 3.2 | 3.6 | 4.0 | 4.4 | 4.8 | 5.2 | 5.6 | .1 |
| 4.0 but less than 4.5 | 2.7 | 3.1 | 3.5 | 3.9 | 4.3 | 4.7 | 5.1 | 5.5 | .1 |
| 4.5 but less than 5.0 | 2.6 | 3.0 | 3.4 | 3.8 | 4.2 | 4.6 | 5.0 | 5.4 | .1 |
| 5.0 but less than 5.5 | 2.5 | 2.9 | 3.3 | 3.7 | 4.1 | 4.5 | 4.9 | 5.3 | .1 |
| 5.5 but less than 6.0 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 | 4.4 | 4.8 | 5.2 | .1 |
| 6.0 but less than 6.5 | 2.3 | 2.7 | 3.1 | 3.5 | 3.9 | 4.3 | 4.7 | 5.1 | .1 |
| 6.5 but less than 7.0 | 2.2 | 2.6 | 3.0 | 3.4 | 3.8 | 4.2 | 4.6 | 5.0 | .1 |
| 7.0 but less than 7.5 | 2.1 | 2.5 | 2.9 | 3.3 | 3.7 | 4.1 | 4.5 | 4.9 | .1 |
| 7.5 but less than 8.0 | 2.0 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 | 4.4 | 4.8 | .1 |
| 8.0 but less than 8.5 | 1.9 | 2.3 | 2.7 | 3.1 | 3.5 | 3.9 | 4.3 | 4.7 | .1 |
| 8.5 but less than 9.0 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | 3.8 | 4.2 | 4.6 | .1 |
| 9.0 but less than 9.5 | 1.7 | 2.1 | 2.5 | 2.9 | 3.3 | 3.7 | 4.1 | 4.5 | .1 |
| 9.5 but less than 10.0 | 1.6 | 2.0 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 | 4.4 | .1 |
| 10.0 but less than 10.5 | 1.5 | 1.9 | 2.3 | 2.7 | 3.1 | 3.5 | 3.9 | 4.3 | .1 |
| 10.5 but less than 11.0 | 1.4 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | 3.8 | 4.2 | .1 |
| 11.0 but less than 11.5 | 1.3 | 1.7 | 2.1 | 2.5 | 2.9 | 3.3 | 3.7 | 4.1 | .1 |
| 11.5 but less than 12.0 | 1.2 | 1.6 | 2.0 | 2.4 | 2.8 | 3.2 | 3.6 | 4.0 | .1 |
| 12.0 but less than 12.5 | 1.1 | 1.5 | 1.9 | 2.3 | 2.7 | 3.1 | 3.5 | 3.9 | .1 |
| 12.5 but less than 13.0 | 1.0 | 1.4 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | 3.8 | .1 |
| 13.0 but less than 13.5 | 0.9 | 1.3 | 1.7 | 2.1 | 2.5 | 2.9 | 3.3 | 3.7 | .1 |
| 13.5 but less than 14.0 | 0.8 | 1.2 | 1.6 | 2.0 | 2.4 | 2.8 | 3.2 | 3.6 | .1 |
| 14.0 but less than 14.5 | 0.7 | 1.1 | 1.5 | 1.9 | 2.3 | 2.7 | 3.1 | 3.5 | .1 |
| 14.5 or more | 0.6 | 1.0 | 1.4 | 1.8 | 2.2 | 2.6 | 3.0 | 3.4 | .1 |

9 GLOSSARY AND LIST OF FORMS

Average employee count - Pertaining only to filing health insurance contributions, this is the average number of people you employ during a calendar quarter. Employers with fewer than an average of six employees in a calendar quarter are not required to file a report for that quarter. However, all employers, regardless of their average employee count must file a quarterly report for the first quarter of each year.

Base period - The period of time preceding the effective date of a claim during which any covered wages paid to your former employee will be used to compute his or her eligibility for benefits. Until October 1, 1993, the base period is the 52 week period immediately preceding the effective date of the claim.

Primary base period - Under the quarterly wage reporting system to be implemented October 3, 1993, the first four of the last five completed calendar quarters used to calculate a claimant's monetary eligibility for benefits.

Alternate base period - After October 3, 1993, when an individual is ineligible for benefits based on wages paid in the primary base period, by law the wages paid during the 52 week period immediately preceding the effective date of the claim can be used as an alternate way to calculate monetary eligibility.

Benefit charge - When your former employee begins to receive unemployment insurance benefits a debit is made to your unemployment insurance account. The debit is called a benefit charge.

Benefit Charge Liability

The amount of benefit charges accrued on an employer's account when a former employee receives unemployment insurance benefits. Under current law, an employer's benefit charge liability is normally limited to 36 percent of wages paid to your employee during the base period. D.E.T. first charges the account of the most recent base period employer. When the most recent employer's 36 percent limit is reached, D.E.T. begins charging the next most recent employer's account, and so on through the base period until the claimant exhausts his or her maximum benefit entitlement.

Benefit Financing Systems:

Contributory system - Refers to the method used by private, for-profit employers to pay quarterly contributions into the unemployment insurance trust fund, and those non-profit organizations that elect to use this method.

Reimbursable system - Local and state governmental entities and certain non-profit employers may choose the reimbursable method to finance unemployment insurance costs. Under the reimbursable method, employers do not pay quarterly contributions. Instead, employers are billed monthly for the cost of any and all benefits actually paid to former employees. These costs include dependency allowances and state-financed extended benefits, benefits paid when an employee quits a job and subsequently requalifies for benefits, and benefits paid which may be subsequently disallowed but which have not been recouped from the claimant.

Benefit Year - The 52 week period beginning with the effective date of the unemployment insurance claim. An individual may file a new claim only once during the benefit year unless eligible for benefits against another state.

Contributions - Monies paid by employers to their accounts in the unemployment insurance trust fund. A company must pay contributions to the fund if employees work one or more days in each of 13 weeks during a calendar year or if a company pays wages of more than \$1,500 in a calendar quarter. (Different rules apply to agricultural employers or domestic workers.)

Experience rating - A method set in law to determine how much each Massachusetts business will pay into the unemployment insurance fund under the contributory system. Factors include size of payroll, past contributions, amount of unemployment insurance benefits charged against your account and the amount of reserves both in your account and in the Massachusetts unemployment compensation fund.

Full plant closing - Occurs when a firm with 50 or more employees permanently lays off 90 percent or more of its workers within a six month period.

FUTA Taxes - Federal Unemployment Tax Act taxes are paid directly to the federal government. This money funds D.E.T.'s administrative costs, not the unemployment insurance fund.

Interested party employer - Any employer for whom a claimant has worked during the last four weeks of his or her employment.

Mass separation - A layoff of 10 or more workers for seven days or more. Notify your local D.E.T. office at least 48 hours prior to a mass separation.

Newly subject - Refers to brand new employers in Massachusetts. Under the contributory system, newly subject employers pay unemployment insurance contributions at a standard rate until they have operated long enough to be 'experience rated' (up to two years). Newly subject employers are exempt from paying health insurance contribution payments for up to two years after first becoming liable for unemployment insurance contribution payments.

Partial plant closing - Occurs when a facility lays off at least 20 percent of its workforce within a six month period (the layoff must be more than 25 employees) and,

- At least 300 workers are, or will be, permanently separated within the six month period, or,
- The layoff occurs in a labor market with an unemployment rate 20 percent higher than the statewide average for the preceding eight calendar quarters, or,
- The layoff represents at least 5 percent of the employment of the city or town where the facility is located.

Positive balance - D.E.T. uses a system of debits and credits to determine the balance in your account. Employees who have paid in contributions over the years in excess of charges to their accounts have a positive balance.

Reserve percentage - The net balance of your account is maintained on a cumulative basis and compared annually to the portion of your payroll subject to the Employment and Training Law. This figure is called your reserve percentage, and is the key factor used to determine your

contribution rate. Your reserve percentage is applied to the contribution rate schedule selected by the Legislature to be in effect for the next calendar year.

Separation - Occurs when workers become temporarily or permanently unemployed. In addition to meeting other criteria, the separation must be due to no fault of the worker in order for him or her to receive benefits.

Solvency assessment - Pertains to contributory employees only. The solvency assessment is one charge which affects your contributions. The state maintains a solvency account to finance benefits which cannot be charged to a specific employer - such as dependency allowances, approvable voluntary separations and benefits charged to accounts that have been depleted. The state distributes the solvency account's deficit proportionally among all employers. Contributory employer accounts are charged each year based on the statewide solvency assessment.

Wage Base - The amount per employee on which an employer is required to pay contributions into the trust fund. Under current law, employers pay contributions only on the first \$10,800 paid to each employee during a calendar year.

Weekly benefit rate - The amount of a claimant's weekly unemployment insurance entitlement (exclusive of dependency allowances). The rate is one half of the employee's average weekly wage, up to the maximum set by law.

Forms

"Employer's Quarterly Report" (Form 0001) All contributory employers must file an Employers Quarterly Report Form 0001. D.E.T. mails this form four times a year for the three-month periods ending in March, June, September and December. After the close of the quarter, contributory employers have one full month to prepare the report and pay the contributions due.

"Governmental Entity Quarterly Contribution Report" (Form 0001-G) Governmental employers using the contributory method must file this form with their quarterly contributions.

"Demand for Payment" (Form 0702-S) This form is mailed to employers who underpay a quarterly contribution. By law, employers are charged interest on overdue contributions at the higher of either 12 percent per year or the interest rate established by the Department of Revenue as of January 1 of the calendar year. D.E.T. charges interest on unpaid contributions from the due date of the payment.

"Request for Wage and Separation Notice" (Form 1062) If your separated employee files for unemployment insurance benefits, you will receive this form. Promptness in returning the form and accuracy in completing it are critical. The information you provide helps D.E.T. determine the monetary eligibility of the claim, the eligibility of the employee, and which employer account to charge.

Note: When D.E.T. converts to the Wage Report Method, wages already reported to the Department of Revenue will be used to determine monetary eligibility. However, all base period employers will be contacted for separation information. In instances when the claimant does not qualify on the primary base period, D.E.T. will request from the employer wages in the alternate base period, in addition to separation information.

"Determination as to Timely Return of a Claim Notice" (Form 0676) This form is mailed to an employer if the "Request for Wage and Separation Notice" Form 1062 is returned late. Form 0676 is used to determine if an employer has "good cause" for not returning the Form 1062 within 10 days. The primary result of filing a late Form 1062 is the loss of your appeal rights. In addition, if D.E.T. requests wage information on the Form 1062 and the form is returned late, a \$25 penalty is charged per late form.

"Notice of Unemployment Insurance Contribution Rate" (Form 9701) Contributory employers receive this form each year during February. The notice contains your annual contribution rate and the data used to calculate it. The rate is used to compute the next four quarterly contribution payments.

"Notice to Employees (Form P-2553-A) Employers must post a copy of "Notice to Employees" in a conspicuous location. "Notice to Employees" tells workers about their rights under the Employment and Training Law and the availability of unemployment insurance. Call (617) 727-8660 to receive a copy.

"Notice to Employers of Approved Claim (Form 0124) If an employee's claim for benefits is approved after you have filed a timely protest of the claim, you will receive this form. It indicates the details of the approval and outlines your appeal rights.

"Request for Separation and Wage Information - Additional Claim (Form 1074) Generally, this form is sent to verify the reason for separation for a worker who had previously established a claim. For example, if a worker was laid off, returned

to work and subsequently became unemployed again, this form would be mailed to the most recent employer(s). You will only receive this form if you were that worker's employer during the four weeks of employment immediately prior to the last separation.

"Separation Notice" (Form 0590-A) Employers must give this form to all employees who are separated from employment, regardless of the reason or the expected duration of the layoff.

"Statement of Benefit Charges" (Form 1088) Contributory employers will receive this form for each month charges are made to their account. The form is a charge statement, not a bill. It itemizes all charges, credits and adjustments made for each week of the month and identifies each separated employee by name and social security number. Employers should check the information on this form against their records and verify each benefit charge. A monthly check of benefits charged will help D.E.T. reduce fraud and processing errors.

Statement of Reimbursable Benefits" (Form 1089) D.E.T. will mail this form to reimbursable employers in any month in which there are charges to their account or a past due payment. Reimbursable employers must either pay this bill within 30 days of the postmarked date, or request a review of questionable charges within the same 30 days. On the back of this form, a space is provided to question any charges.

"Supplementary Wage Request" (Form 0579) If a claimant disagrees with the amount of wages reported by the employer, D.E.T. will send a "Supplementary Wage Request" form to the employer. D.E.T. will continue using this form after the wage report system begins. A former employee may disagree with the amount of wages you report because the figure affects the calculation of the individual's benefit rate. Review your wage records, complete the form, and return it to the D.E.T. office initiating the request.



Department of Employment and Training

19 Staniford Street
Boston, MA 02114
(617) 727-6560

Commonwealth of Massachusetts

William F. Weld
Governor

Stephen P. Tocco
Secretary
Executive Office of Economic Affairs

Nils L. Nordberg
Commissioner
Department of Employment and Training

D.E.T. Offices

Greater Boston

| | |
|------------|----------------|
| Boston | (617) 727-7247 |
| Cambridge | (617) 864-1950 |
| Chelsea | (617) 884-5850 |
| Framingham | (508) 875-5237 |
| Malden | (617) 322-8890 |
| Marlboro | (508) 485-8711 |
| Norwood | (617) 762-9450 |
| Roxbury | (617) 442-4050 |
| Waltham | (617) 899-9340 |
| Woburn | (617) 935-4654 |

Northeastern Massachusetts

| | |
|------------|----------------|
| Gloucester | (508) 283-4772 |
| Haverhill | (508) 374-4753 |
| Lawrence | (508) 682-5215 |
| Lowell | (508) 459-0563 |
| Lynn | (617) 593-5504 |
| Salem | (508) 745-1860 |

Southeastern Massachusetts

| | |
|----------------|----------------|
| Attleboro | (508) 222-1950 |
| Brockton | (508) 586-8100 |
| Fall River | (508) 678-8311 |
| Hanover | (617) 826-8376 |
| Hyannis | (508) 775-5800 |
| New Bedford | (508) 999-2360 |
| Plymouth | (508) 746-5910 |
| Providence, RI | (401) 277-3743 |
| Quincy | (617) 471-2750 |
| Taunton | (508) 824-1301 |
| Wareham | (508) 295-1784 |

Central Massachusetts

| | |
|-------------|----------------|
| Dudley | (508) 943-1240 |
| Fitchburg | (508) 343-6461 |
| Gardner | (508) 632-5050 |
| Milford | (508) 478-4300 |
| Southbridge | (508) 765-5252 |
| Worcester | (508) 791-8551 |

Western Massachusetts

| | |
|-------------|----------------|
| Athol | (508) 249-7130 |
| Chicopee | (413) 598-8371 |
| Greenfield | (413) 774-5501 |
| Holyoke | (413) 536-1967 |
| North Adams | (413) 663-3748 |
| Northampton | (413) 586-3116 |
| Pittsfield | (413) 499-1793 |
| Springfield | (413) 785-1231 |

Form P-3534 REV 4/93

Department of Employment and Training

19 Staniford Street
Boston, MA 02114

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